



October 12, 2007

VIA EMAIL: regs.comments@federalreserve.gov

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue
Washington, DC 20551

Re: Docket No. R-1286,
Proposed Changes to Regulation Z, Truth-In-Lending

Dear Members of the Board of Governors:

Georgia's Own Credit Union (formerly Georgia Telco Credit Union) welcomes the opportunity to comment on the proposed changes to Regulation Z. We strongly oppose the proposed changes to multi-featured, open-end lending due to the negative impact these changes will have on our members and on the Credit Union.

Georgia's Own Credit Union switched to a multi-featured, open-end lending platform for all of our non-real estate loans on March 1, 2000. This change has been one of the best improvements made for our members in terms of convenience and service and has allowed us to maintain very competitive loan rates. Our members and our staff embraced open-end lending immediately. Out of our current membership of 110,400 members, we have 45,851 members (41.5%) that have signed an open-end plan.

Using open-end lending for all of our non-real estate lending has enabled Georgia's Own Credit Union to streamline its lending process which benefits our members with fast, convenient loan approvals, flexible terms and minimal paperwork. It does not require the member to come to the Credit Union each time they want an advance on their open-end plan, whether that advance is on an unsecured sub account or a secured sub account, such as an automobile loan. Our members find this method of borrowing to be simple and easy. It saves them a lot of time (not having to drive to a branch or wait for documents to be mailed back and forth) and provides them a great deal of flexibility (we can deposit the loan proceeds directly into their savings or checking account).

Our members enjoy the convenience of open-end lending, and it lets them access many forms of credit efficiently and conveniently, multiplying the financial benefits of Credit Union membership. With the ease and flexibility of open-end lending, our staff is able to spend more time developing relationships with our members rather than spending time on increased paperwork. With these new relationships, our staff is able to uncover additional opportunities to save our members money – whether in increased deposit rates or decreased loan rates.

The proposed changes to Regulation Z would significantly reduce our ability to offer open-end lending, making it less convenient for our members to borrow. Without open-end lending the member would be required to take time away from work or other activities to come into a branch office and sign documents, instead of simply doing it remotely. Even those members who choose to conduct their transactions at a branch office would spend more time in the branch due to the increased processing time of a closed end loan. This would represent a step backwards in the outstanding service Georgia's Own Credit Union offers its members.

Our members have told us they enjoy the convenience of open-end lending and the time and trouble it saves them from having to visit the Credit Union every time they want to borrow. If the Credit Union is forced to return to using closed end loan documents, members may find it more difficult to do business with Georgia's Own Credit Union. The member could end up paying a premium or higher interest rate because they might now finance with a lender they perceive to be more convenient than their Credit Union.

The proposal would result in less information for borrowers. Currently, members receive periodic statements on their accounts that disclose APR's and other critical information. If we were no longer able to offer our consumer loans via open-end lending, members would not receive this information except at the time of loan closing. This would have the effect of lessening the information borrowers receive on their accounts.

Another adverse affect to Georgia's Own Credit Union's members is higher operating and compliance costs for the Credit Union. These costs (which we estimate to be at least \$250,000) would more than likely be passed on to members in the form of higher rates on loans and/or lower rates on savings. Information technology costs associated with the proposed changes would be burdensome, as Georgia's Own Credit Union would have to make significant changes to our lending and core processing systems to comply with the changes required. The costs of completely re-engineering our lending document packages will be high since we will be required to draft new form sets and have them audited for compliance.

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Training costs associated with re-training our staff would result in significant expense to the Credit Union. With more than 70 employees involved in various aspects of our lending program, the costs of retraining would be considerable. We anticipate that we would have to hire additional staff to cope with the increased branch transaction volumes, increased documentation for each loan, and increased compliance that would be associated with a return to closed-end lending.

Georgia's Own Credit Union provides cost-competitive loan and savings products that save our members money and enhance their financial well-being. Open-end lending programs allow us to make Credit Union membership a viable alternative to other financial service providers, such as check cashing shops, title pawn lenders, and finance companies. We do not want our members to lose the considerable benefits they now enjoy because of multi-featured, open-end lending at Georgia's Own Credit Union.

Thank you for your consideration.

Sincerely,

Bonnie J. Kimmey
Vice President, Lending